

VZCZCXR05759  
RR RUEHLN RUEHVK RUEHYG  
DE RUEHKB #0083/01 0310650  
ZNR UUUUU ZZH  
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FM AMEMBASSY BAKU  
TO RUEHC/SECSTATE WASHDC 4675  
INFO RUCNCIS/CIS COLLECTIVE  
RUEHAK/AMEMBASSY ANKARA 2604  
RUCPDOC/DEPT OF COMMERCE WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RHEBAAA/DEPT OF ENERGY WASHDC  
RUEHBS/USEU BRUSSELS

UNCLAS SECTION 01 OF 03 BAKU 000083

SIPDIS

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DEPT FOR EUR/CARC  
DEPT PASS TO TDA FOR STEIN, EXIM FOR GLAZER  
ANKARA FOR FCS  
COMMERCE FOR 4231 ITA/MAC/ORUE FOR DSTARKS  
COMMERCE FOR 3004 ITA/FCS/ ADVOCACY FOR ACHAMS-EDDINE

E.O. 12958: N/A

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SUBJECT: AZERBAIJAN COMMERCIAL UPDATE, December 15 2007 - January 15, 2008

**¶1.** SUMMARY: This information is drawn primarily from the Azerbaijani local press, and has not been checked for accuracy. The opinions and policies expressed in this report are those of the authors, not the U.S. Government. END SUMMARY.

- ONE-STOP-SHOP
- LAW ON INSURANCE WAS ADOPTED IN AZERBAIJAN
- WBG TO DISCUSS A USD-673-MILLION RAILROAD PROJECT
- HIGHWAY PROJECTS
- LAFARGE TALKS ON NEW CEMENT FACTORY
- EGYPT AND AZERBAIJAN PLAN PHARMACEUTICAL PRODUCTION
- AZERBAIJAN MORTGAGE FUND TENDER
- PUBLIC TV AND RADIO TENDER
- BAKU INTERNATIONAL AIRPORT TENDER
- BAKU INTERNATIONAL AIRPORT TENDER
- ENVIRONMENTAL MINISTRY TENDER
- MINISTRY OF HEALTH TENDER
- MINISTRY OF HEALTH TENDER
- GUSAR REGIONAL EXECUTIVE POWER TENDER
- MINISTRY OF HEALTH TENDERS
- SHEKI EXECUTIVE POWER TENDER
- EQUIPMENT TENDER FOR AIRPORT
- MINISTRY OF HEALTH TENDER
- AZERFON TENDER FOR TELECOMMUNICATIONS TOWERS

**¶2.** "ONE-STOP-SHOP"

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The Presidential signed a decree on December 18 to implement the "one-stop-shop" principle of business registration at the Ministry of Taxation. According to the decree, the Ministry of Taxes is responsible for registration of all commercial entities within three days of application. Public organizations and funds will continue to be registered by the Ministry of Justice. According to the decree, the Ministry of Taxes shall register businesses starting from January 1, 2008, through its main and regional offices and has to make e-registration available in the near future. The single-window principle is set to foster entrepreneurship and to improve the business environment.

**¶3.** LAW ON INSURANCE WAS ADOPTED IN AZERBAIJAN

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Azerbaijan's Parliament adopted a new law on insurance that allows representative offices of foreign insurance companies. It allows for the creation of foreign companies, limiting foreign capital to 49 percent of total capital of all companies.

#### 14. WBG TO DISCUSS A USD-673-MILLION RAILROAD PROJECT

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The World Bank Group (WBG) and the Azerbaijani Government will launch official negotiations on a rail trade and transport facilitation project in late January. The project is estimated at USD 673 million with USD 450 million funded by WBG. Project costs include renewal of critical assets (track, locomotives, signaling and power supply), implementation of international financial reporting standards and technical services to support incorporation.

#### 15. HIGHWAY PROJECTS

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The Government of Azerbaijan and the World Bank are completing preparation of the Third Highway Project in Azerbaijan. The French BNP Paribas is in talks with the Ministry of Finance to finance a project of expansion of the Baku - Georgia highway. BNP Paribas has already increased the cost estimate of the expansion of the Yevlakh - Georgia highway up to \$400 million.

#### 16. LAFARGE TALKS ON NEW CEMENT FACTORY

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The Azerbaijan Investment Company (AIC) and Lafarge are still in talks on the location of a new cement factory. The French company will send in another mission in January 2008 to continue negotiations with the Government. Lafarge declined to place a cement factory near Tovuz, as suggested by the Azerbaijan counterpart, instead wanting to build the factory near Baku. The factory's planned capacity can reach 1-1.5 million tons, which would make

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40-50 percent of the Azerbaijani cement market. Lafarge, Ministry of Economic Development and AIC signed the Memorandum of Understanding for the project on December 28, 2006.

#### 17. EGYPT AND AZERBAIJAN PLAN PHARMACEUTICAL PRODUCTION

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Azerbaijan and Egypt are exploring a joint pharmaceutical factory. The Minister of International Cooperation of Egypt Faiza Aboulnaga estimated the project valued at USD 3 billion.

#### 18. AZERBAIJAN MORTGAGE FUND TENDER

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The Azerbaijan Mortgage Fund under the National Bank has announced a tender to select an auditor of the 2007, 2008 and 2009 fiscal years. Deadline: February 7, 2008. Address: AMF administrative building, 8, 1G. Guliyev Street. For more information call 441-24-23 (111). Contact person: Sabina Babayeva.

#### 19. PUBLIC TV AND RADIO TENDER

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Public TV and Radio Broadcasting Company announced a tender to install centralized air-conditioning in its 3-storey administrative building. Deadline: February 6, 2008. Address: Baku, 241, Sharifzadeh Street. Contact phone: 430-13-16. Contact person: A. Alakparov.

#### 110. BAKU INTERNATIONAL AIRPORT TENDER

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Baku International Airport has announced an open tender for varnish-and-paint products. Deadline: January 29, 2008. Address: International Airport n.a. Heydar Aliyev, Baku. For more information call (99412) 497-26-46. Contact person: Faig Ismayilov.

#### 111. BAKU INTERNATIONAL AIRPORT TENDER

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Baku International Airport has announced an open tender for spare

parts for automobiles, trucks and tractors. Deadline: February 15, 2008. Address: Baku International Airport n.a. Heydar Aliyev, Baku. For more information call (99412) 497-26-46. Contact person: Faig Ismaylov.

#### 112. ENVIRONMENTAL MINISTRY TENDER

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The Survey & Forestry Expedition of the Ministry of Environment & Natural Resources has announced a tender to purchase trees for a highway belt and install irrigation systems for the subject trees. Deadline: February 21, 2008. Address: 1, 3rd Settlement Street, Ahmadli Settl., Baku. For more information call 470-96-94. Contact person: Zeydulla Abdullayev.

#### 113. MINISTRY OF HEALTH TENDER

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The Ministry of Health has announced a tender for pharmaceuticals and bandages for the Ismailli central district hospital for 2008. Deadline: January 23, 2008. Address: 65, Akhundov Street, Ismailli region. For more information call 5049-83. Contact person: Agadostu Vezirova.

#### 114. MINISTRY OF HEALTH TENDER

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Ministry of Health of Azerbaijan announced a tender for medicines and bandages for Khanlar Central Regional Hospital for 2008. Deadline: January 31, 2008. Address: Khanlar, 38, H.Aliyev Avenue. Contact phone: 5-21-14. Contact person: Gulara Mammadova.

#### 115. GUSAR REGIONAL EXECUTIVE POWER TENDER

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Gusar Regional Executive Power has announced a tender for refurbishment of city buildings, reconstruction of roads and pavements. Deadline: February 13, 2007. Address: 140, Heydar Aliyev Street, Gusar. For more information call 5-31-83. Contact person:

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Ikram Tumarkhanov.

#### 116. MINISTRY OF HEALTH TENDERS

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Ministry of Health of Azerbaijan has announced tenders to purchase medicines and bandages for Sumgait Child's City Hospital and to carry out repair and construction works at the National Oncological Center in 2008.

For the Sumgayit hospital: deadline - February 4, 2008, address - Sumgait, 10th Yard, Medical Town, contact phone: 645-73-80, and contact person - Kamala Maharramova. For the National Oncological Center: deadline - February 6, 2008, address - Baku, Yasamal district, 10, Sharifzadeh Street, contact phone: 432-39-41, and contact person: Yusif Babayev.

#### 117. SHEKI EXECUTIVE POWER TENDER

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Sheki Region Executive Power announced a tender for restoration works in the city. Tender commission informed that the tender was announced for 4 lots: restoration works in the city, major repairs of roads, available housing, and administrative structures. Deadline: February 11, 2008. Address: Sheki Region Executive Power. Contact phone: 4-28-70. Contact person: Yusif Abdurakhmanov.

#### 118. EQUIPMENT TENDER FOR AIRPORT

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Baku International Airport named after Heydar Aliyev announced open tender for office and computer equipment. Deadline: February 6, 2008 Address: Baku, International Airport named after H.Aliyev. Contact phone: (99412) 497-26-46. Contact person: Faik Ismailov.

#### 119. MINISTRY OF HEALTH TENDER

The Ministry of Health of Azerbaijan has announced a tender for pharmaceuticals and bandages for Sumgait city emergency hospital for 2008. Deadline: February 8, 2008. Address: 11, M.Huseynzadeh Street, Sumgait. For more information call 645-87-82. Contact person: Bakhira Mirzoyeva.

**120. AZERFON TENDER FOR TELECOMMUNICATIONS TOWERS**

Mobile operator Azerfon LLC announced tender to select a contractor to install telecommunications towers for Company's GSM sites. Deadline: January 17, 2008, 6 pm. The main requirements to participants are: experience in installation of telecommunications towers for GSM operators. Proposals can be submitted by e-mail dfosty@afon.az or to: Baku, AZ1102, 2, Alatava, Azerfon LLC. Contact person: Dmitriy Fostin. For more information call (994 12) 444 07 30.

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